

[38] Unfair cartel case of 5 manufacturers and distributors of white duplex board (resolved on December 24, 2013)

— <Brief summary> —

Five businesses supplying white duplex board used as a packing material for small products, such as confectionary and medicines, were found to have colluded in fixing sale prices, and the KFTC imposed fine of 105 billion 602 million won upon them, along with an order to take corrective remedies, and filed a criminal complaint with the prosecution against the corporations involved in the case and their officers in charge of sales.

A. Facts of violation

Five businesses, including the Hansol Paper, the Kleannara, the Seha Corp., the Shinpoong Paper, and the Hanchang Paper, were found to have colluded in increasing the reference price for white duplex board and lowering discount rates applicable to customers 17 times in total during the period from March 2007 to October 2011.

The five businesses put their collusion into action with intent to avoid competition, as competition for sales began to get more serious from 2000 when the domestic market for white duplex board became over-supplied as a consequence of surplus capacity.

What is noteworthy in particular in this case is that a hierarchical system for cartel, comprising the assembly of Division Directors and the assembly of Team Heads, was formed, and a company was designated as the administrative secretary to organize meetings constantly on a regular basis (91 times) and their collusion covered various issues, such as a decrease of discount rates and the reduction of business hours for maintaining sale prices, in addition to arrangements on an increase of the reference price.

B. Countermeasures taken

The KFTC imposed fine of 105 billion 602 million won in total upon the businesses, along with an order to take corrective remedies, and filed a criminal complaint with the prosecution against the corporations involved in the case and their officers in charge of sales who participated in cartel by applying the Article 19 (1) 1 (Determination, Maintenance, or Change of Prices) of the MRFTA.